



How can we boost Australia's housing construction workforce?

Property Council Housing Solutions Summit



Brendan Coates

Housing and Economic Security Program
Director

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GRATTAN
Institute

How can we boost Australia's housing construction workforce?

Australia needs a larger construction workforce to meet our housing goals

- The National Target to build 1.2 million homes over five year will need a bigger workforce
- The construction workforce has already grown very strongly in recent years

Migration reforms could attract some more skilled migrants to Australia, but there aren't easy answers

- Very few recent migrants work in construction
- Australia's migration program is (rightly) geared towards high-paid, white-collar professions
- Streamlining employer sponsorship is the fastest path to lifting the number of migrants with trades
- Skills Assessments and occupational licensing regimes are the biggest barriers, but will take time to fix
- Boosting the pipeline of foreign-born skilled trades appears difficult: a sponsored training visa may help?
- The industry should also focus more on attracting migrants from non-skilled pathways into construction

We need to boost the domestic pipeline for skilled construction trades

- Enrolments into building and construction apprenticeships have stagnated
- Just half of building and construction apprentices complete their training

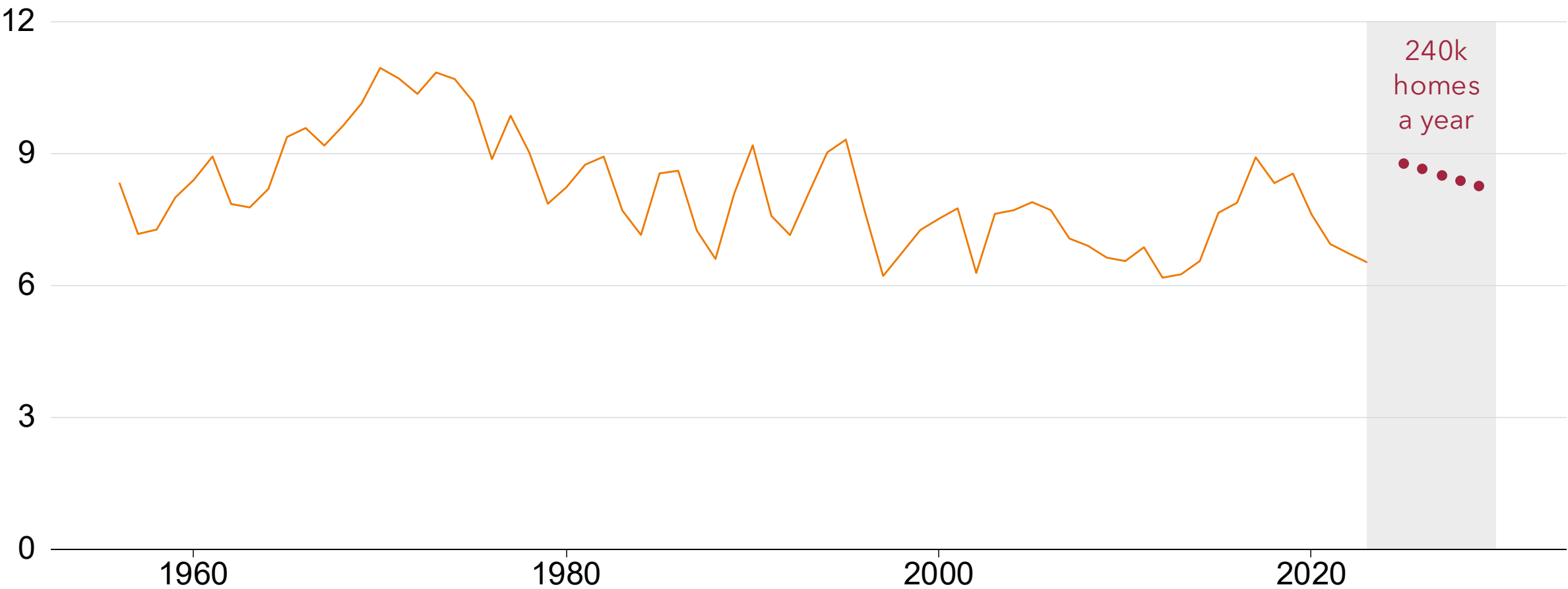
Close the gender employment gap

- Australia's construction workforce is highly gendered, especially for skilled trades
- Occupations with gendered workforces are much more likely to be shortage

Pruning questionable infrastructure investments would open up extra capacity to build housing

The National Cabinet Plan for 1.2 million homes over five years requires a big lift in construction

Dwelling completions per 1,000 people, actual and projected to meet target



Notes: Projection uses Treasury 2024 Budget population forecasts and 240,000 dwellings per year for 5 years from July 2024.
Sources: Population growth to 1981 from ABS Historical Population (Table 1.2) and population growth to present from ABS National, State and Territory Population (Table 1). Building completions from ABS Building Activity (Tables 33 and 37).

But many people are worried about skills shortages in construction trades

Table 1: Persistent shortage since 2021 in ANZSCO major occupation groups

Major Group	Description	Occupations in persistent shortage	Percentage of major group
1	Managers	3	3%
2	Professionals	55	17%
3	Technicians and Trades Workers	67	33%
4	Community and Personal Service Workers	5	6%
7	Machinery Operators and Drivers	8	10%

Source: Jobs and Skills Australia. Note: the number of occupations assessed has changed for each SPL. This reflects both changes in the Australian and New Zealand Standard Classification of Occupations (ANZSCO) framework and the inclusion of skills shortage assessments for ‘not elsewhere classified’ (nec) occupations in both the 2022 and 2023 SPL assessments.

Our missing tradies: 90,000 needed now to meet nation’s housing goal



Angus Thompson
March 24, 2024 – 5.00am

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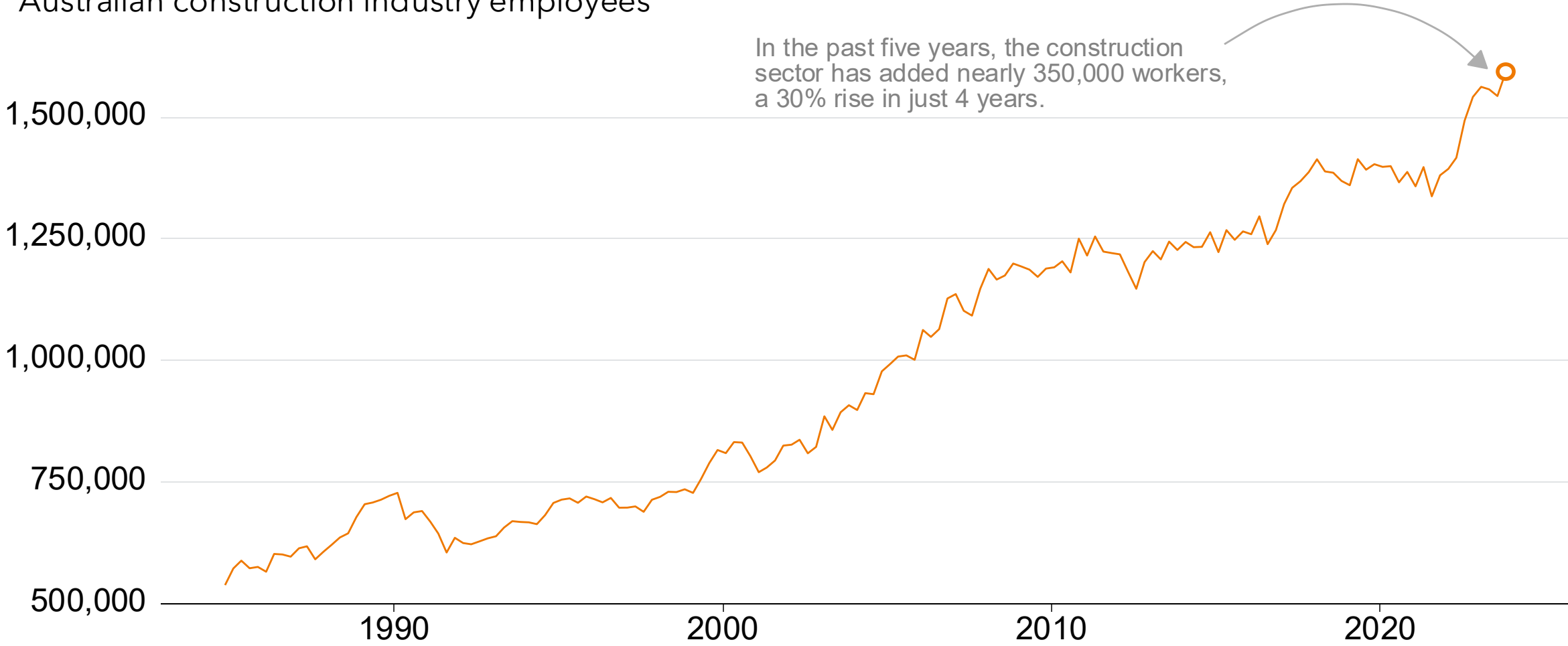
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Major infrastructure projects will stymie the Albanese government’s ability to find the manpower to meet its flagship housing goal, according to a key federal body warning a major productivity overhaul is the only way to reach the target.

Australia faces the impossible task of finding an extra 90,000 tradespeople in the next three months, according to BuildSkills Australia, with the national housing accord’s target of 1.2 million new homes by 2029 further hampered by major state and national projects that include Defence building, the Western Sydney Airport and Melbourne’s suburban rail loop.

Australia's residential construction workforce has already shown the capacity to grow very quickly

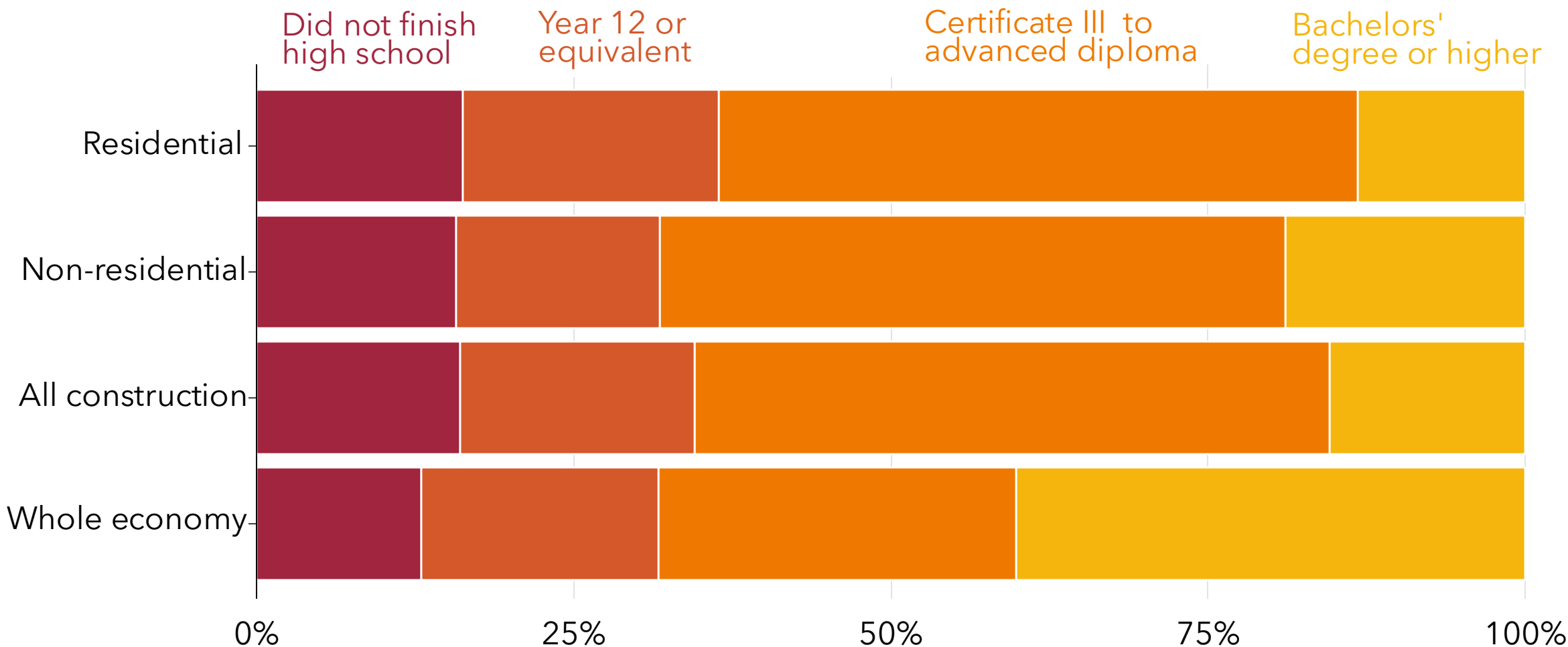
Australian construction industry employees



Source: ABS Labour Force Detailed Release August 2023 (Table 5).

The construction workforce is much less likely to hold university qualifications

Share of workers by **sector** and **education**, August 2024



Note: The residential and non-residential workforces are separated using the same methodology and the Productivity Commission (2025) Construction productivity: can we fix it? Source: Grattan analysis of the 2024 Characteristics of Employment Survey, TableBuilder.

How can we boost Australia's construction workforce?

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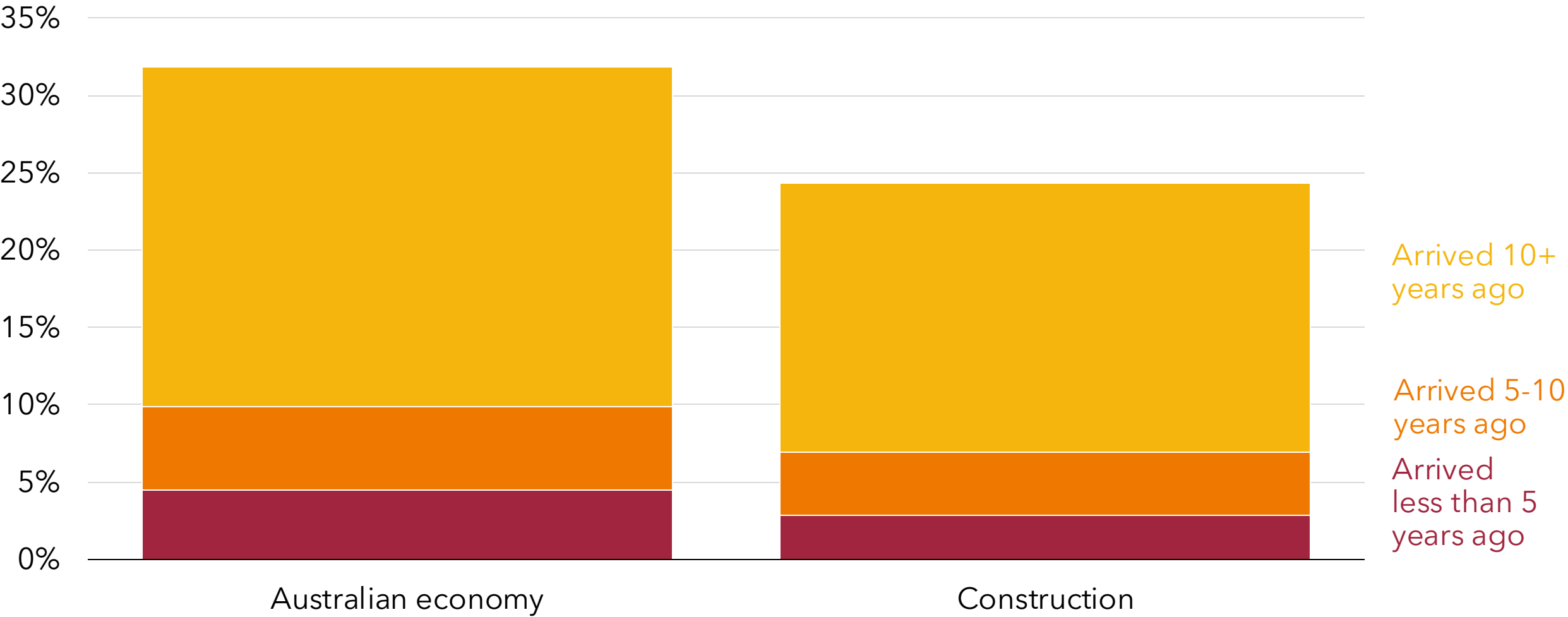
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Pruning questionable infrastructure investments would open up extra capacity to build housing

Recent migrants are half as likely to work construction than in other industries

Share of construction workers born overseas by arrival in Australia, 2021

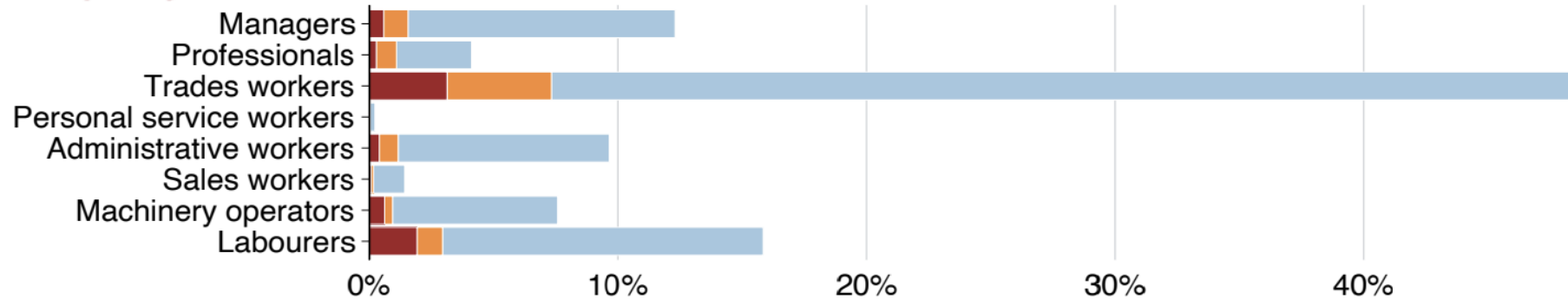


Notes: Remainder to 100% are those born in Australia. Numbers don't sum exactly to 100 in migrant status chart due to different methods of collecting arrival information across data sources. Sources: ACMID 2021; ACTEID 2021; Census 2021

Migrants are especially underrepresented among key construction trades

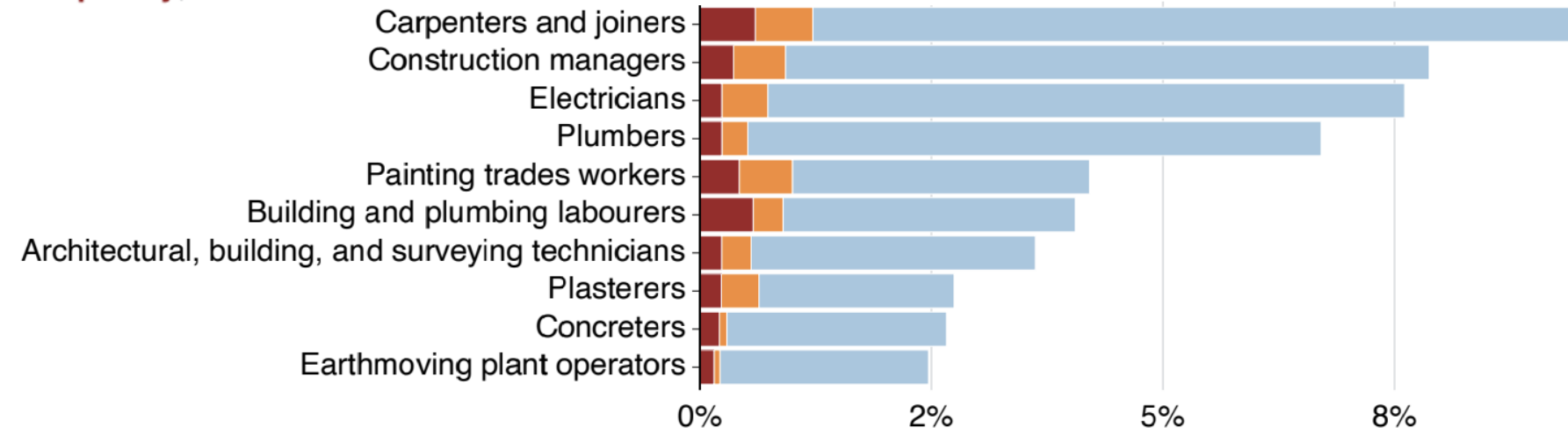
Share of construction workforce by major occupation and migrant status, 2016

Temporary, Permanent and Born in Australia/arrived before 2000



Share of construction workforce by detailed occupation and migrant status, 2016

Temporary, Permanent and Born in Australia/arrived before 2000



Why do so few recent migrants work in construction?

- Our **skilled migration** program generally **prioritises tertiary-educated professionals**
- **Our international education sector** attracts and trains international students in tertiary degrees
- Skilled trades workers mostly arrive via **employer sponsorship but its slow and expensive** (~\$10k per visa)
- **Industry structure, especially for subcontractors:** sponsored workers must be employed full time.
- **Occupational licensing requirements** make it hard for overseas skilled tradies to work here on any visa
- **Cultural barriers / union resistance?**

The industry is calling for Australia to recruit more construction workers via our migration program

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Construction workers should be 10pc of migration, big developers urge

James Eyers and Campbell Kwan

Nov 1, 2024 – 5.00am

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The chief executive of the country's largest property company, Lendlease's Tony Lombardo, says the government should significantly increase the share of immigrants who are construction workers if it is serious about building more than a million homes over the next five years, as business leaders urged a series of productivity reforms to boost supply.

Mr Lombardo made those comments at a special roundtable hosted by the Business Council of Australia and *The Australian Financial Review*, which focused on the roadblocks preventing more supply of affordable houses.

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Exclusive Politics Federal Property development

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Pledge to build 1.2 million homes needs a major renovation: Property Council



Shane Wright

February 21, 2024 – 5.00am

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The federal government will need to double its [\\$3.5 billion worth of incentive handouts](#) to the states and territories to meet its target of [1.2 million new homes](#) by the end of the decade, the Property Council argues, as no premier could ignore such a massive pool of cash for home building.

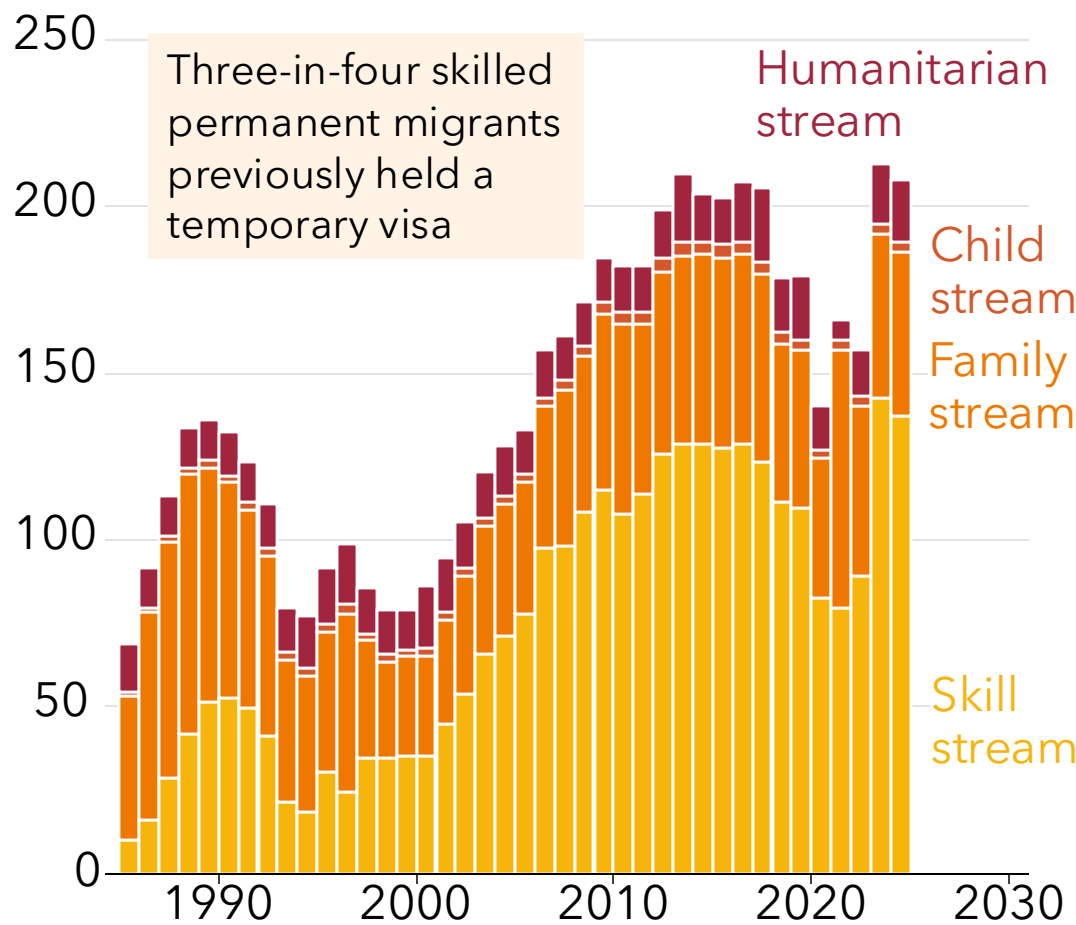
The council is also urging the government to use [Treasurer Jim Chalmers' third budget](#) to make substantial changes to the nation's migrant intake, by deliberately lifting the number of construction workers brought into the country to help build the promised extra homes.

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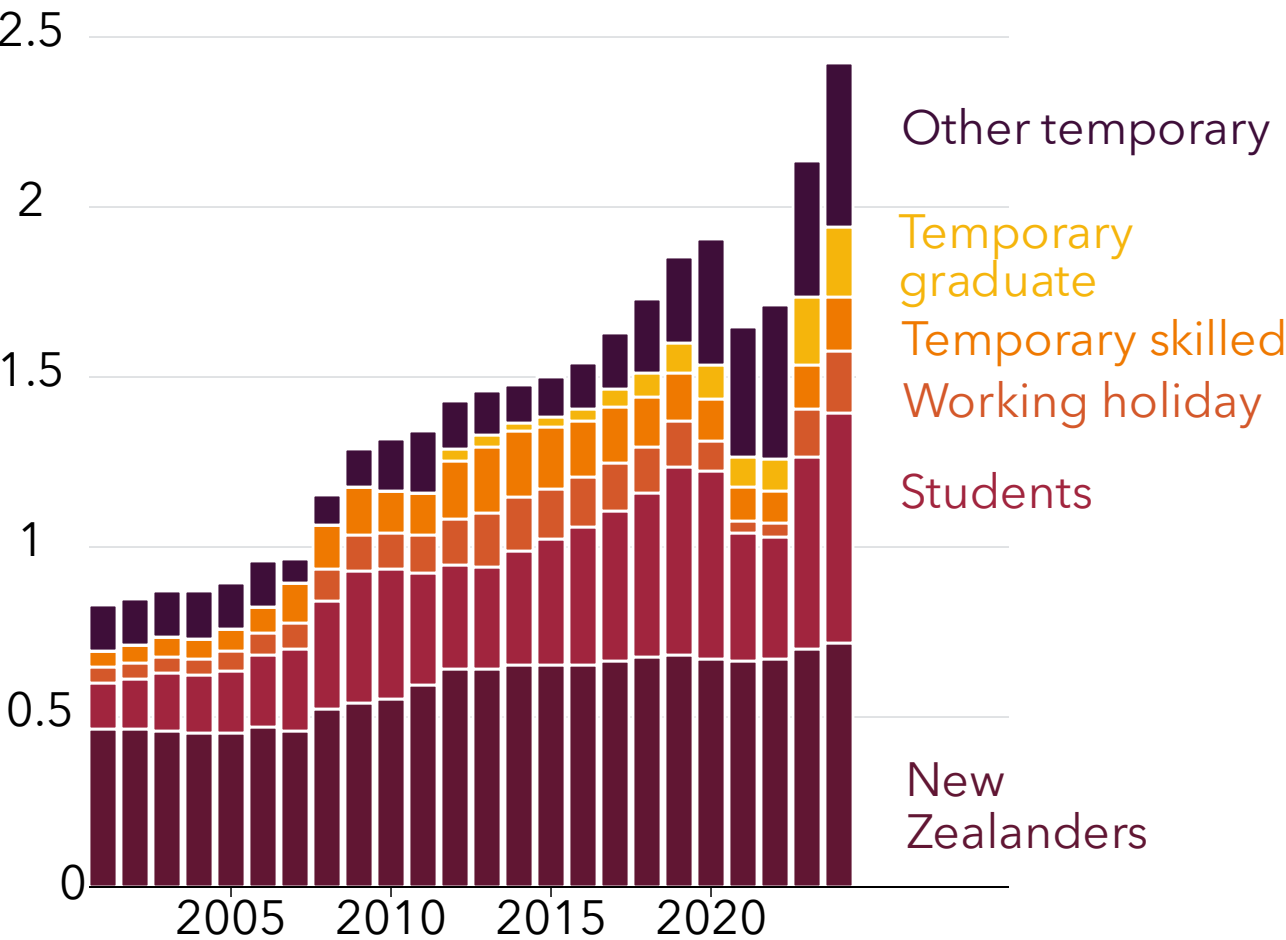
Australia runs a substantial migration program: offering both permanent and temporary visas

Annual permanent visa grants, 1984-85 to 2023-24, thousands



Notes: Humanitarian includes a small number of 'Special Eligibility' visas.
Source: Department of Home Affairs, Australian Migration Statistics; Parliamentary Library. Planned humanitarian intake for 2023-24 is assumed to be the same as in 2022-23.

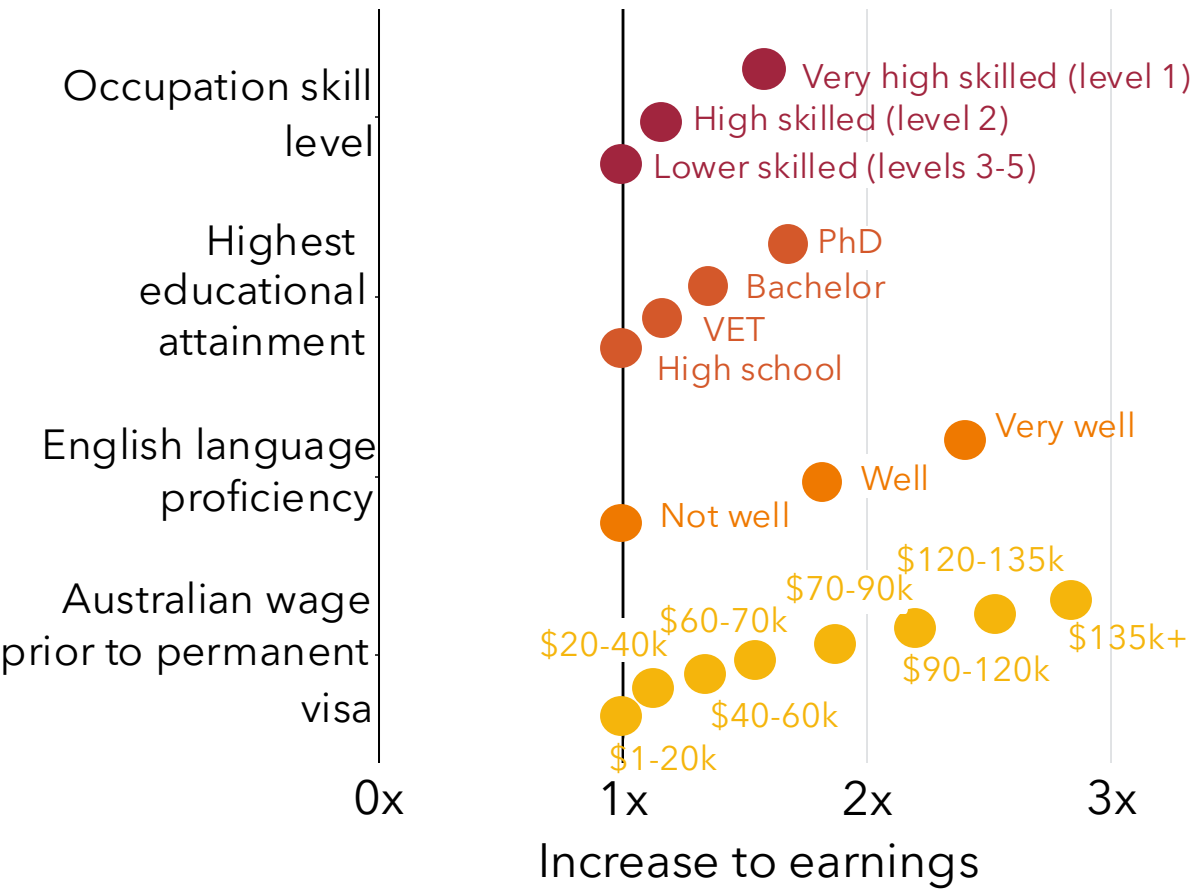
Stock of temporary migrants, excluding tourists, June each year, millions



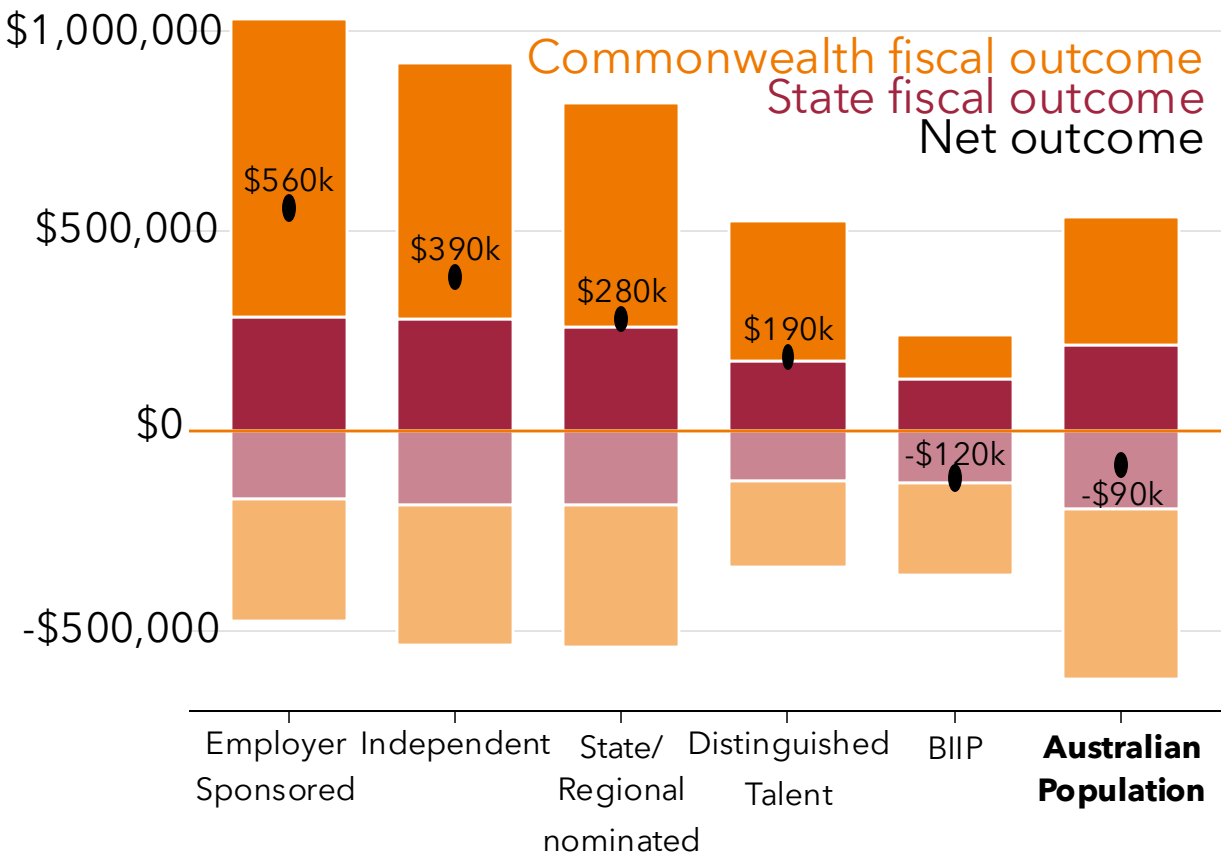
Notes: 2024 is April. 'Other temporary' is made up of bridging, temporary protection, other temporary employment, and crew and transit visa-holders. Sources: Shaping a Nation (2018); Temporary visa holders in Australia, Department of Home Affairs (2024).

There are huge payoffs to selecting the most-skilled migrants, especially for permanent visas

Effects of migrant characteristics on earnings, all else equal



Lifetime fiscal impact per person by skilled visa subclass, primary applicants

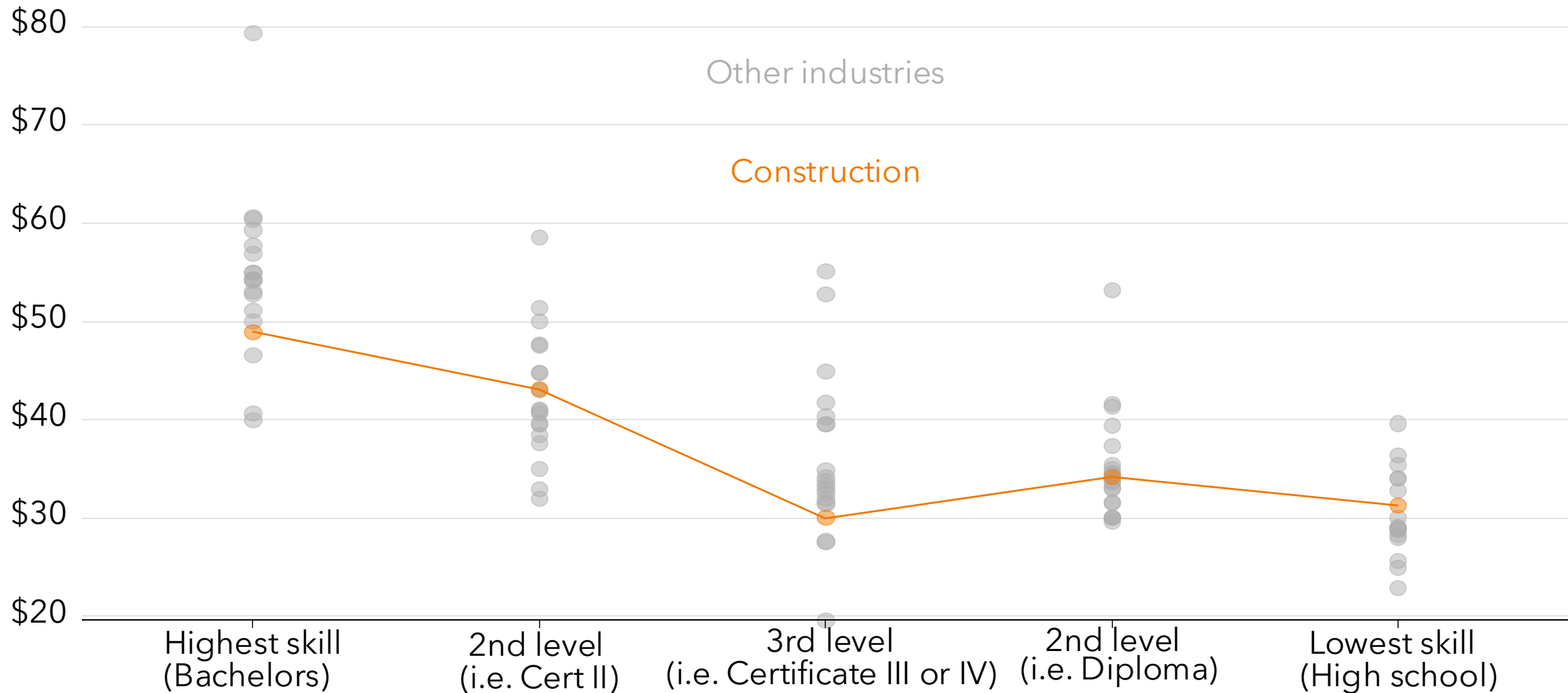


Notes: Points represent coefficients from a linear regression model of log annual earnings of permanent, points-tested primary applicant migrants between 2011 and 2021.
Source: Grattan analysis of PLIDA.

Note: Primary applicants only. Source: Treasury FIONA model, Varela et al (2021, Chart 4)

Construction workers at each skill level tend to earn less than equivalent workers in many industries

Median hourly wages by skill level and industry, August 2024



Notes: More information on the ABS skill level framework can be found on the ABS website. Source: Grattan analysis of the 2024 Characteristics of Employment Survey, TableBuilder.

The fastest way to attract more skilled construction workers is by streamlining employer sponsorship

Visa type		Visas in 2024-25	How selected	Visa length	Annual salary threshold
Skills in Demand (employer sponsored)	Specialist Skills Pathway	No cap	Employer sponsored	4 years	\$135k+, w contract
	Core Skills Pathway	No cap	Employer sponsored	4 years	\$73k+, w contract
	Essential Skills Pathway	No cap	Employer sponsored	4 years	<\$70k

Notes: * Some occupations in Specialist Skills Pathway still require skills assessments; ** Regional visas numbers include regional employer-sponsored program; *** States can apply their own criteria.

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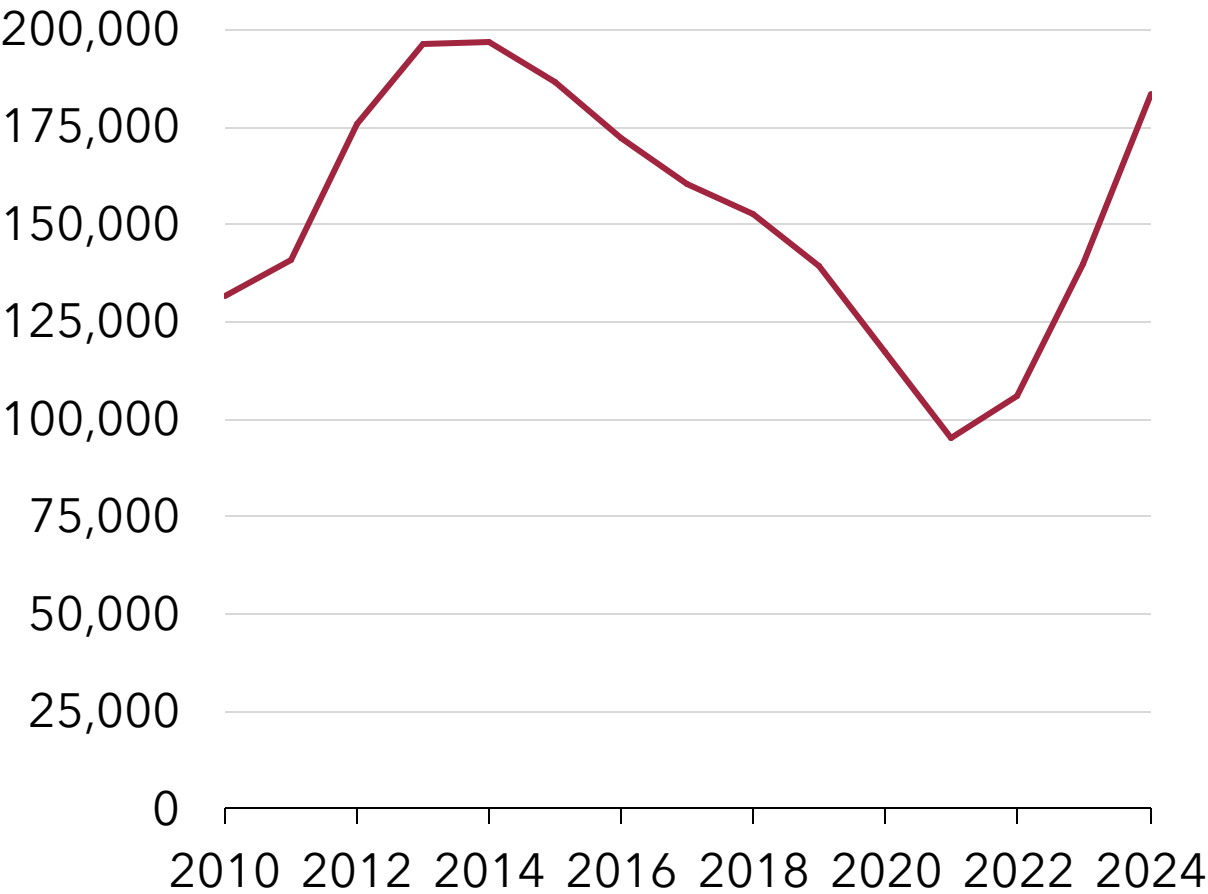


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Points: independent (subclass 189)		16,900	Points test	Indefinite	No	45	7.0 in practice	Yes	Yes	No	\$4,470 + dependents	No
Points: state nominated (subclass 190)		33,000**	Points test, with state nomination	Indefinite	No	45	7.0 in practice	Yes	Yes	No	\$4,470 + dependents	No
Points: regional (subclass 491)		33,000**	Points test, with state nomination	5 years regional; indefinite	No	45	7.0 in practice	Yes	Yes	No	\$4,470 + dependents	No

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Temporary skilled visa numbers have jumped, but fewer visa-holders work construction

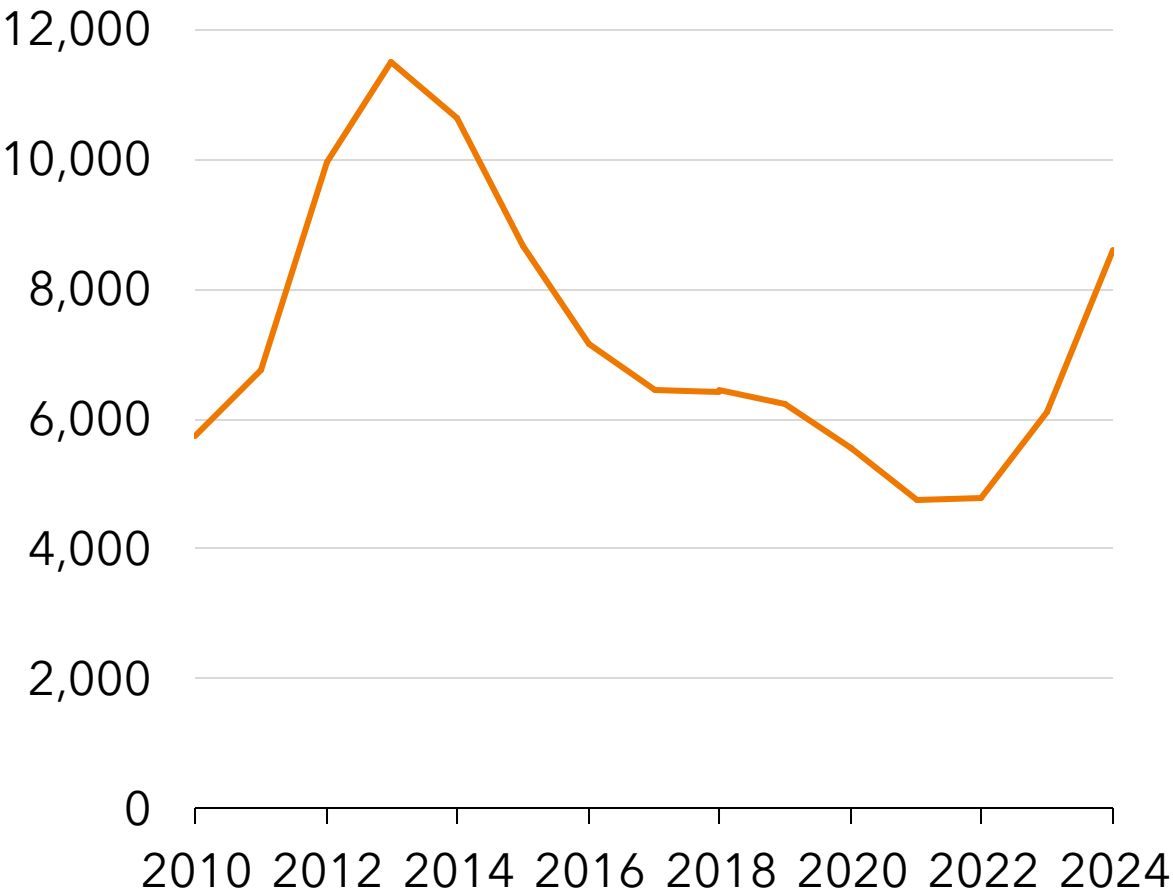
Temporary skilled visa-holders in Australia for **all industries**



Notes: September each year. Primary and secondary.

Source: Department of Home Affairs

Temporary skilled visa-holders in Australia sponsored by the **construction industry**



Notes: September each year. Primary only as industry information is only available for the primary applicant.

Source: Department of Home Affairs

Skills Assessments for trades workers are often slow, expensive, and duplicative



Case study: overseas trained general electrician on an employer sponsored visa

To come as a skilled migrant: Overseas qualified tradespeople are required to undertake a skills assessment with Trades Recognition Australia (TRA).

To work in their occupation: migrants are separately required to be registered with the state or territory electrical regulator in the jurisdiction where they wish to work.

Once the applicant has undertaken the context gap training and supervised work placement, they can return to the RTO to be issued the Certificate III in Electro technology and then apply for a full electrical licence.

"The whole process costs over \$9,000 and takes up to 18 months."

Parkinson, M. Howe, J., and Azarias, J. (2023), "Review of the Migration System", p.158.

What can we do to attract more skilled trades via the migration program?

1. Abolish occupation lists - use a wage threshold instead

- Open the Skills in Demand visa to migrants in any occupation, provided they earn \$73k+
- Open permanent employer-sponsored visas to migrants in any occupation if they earn \$90k+

2. Abolish labour market testing

- Labour market testing adds substantial delays (often several months) and costs

3. Cut sponsorship fees to \$1,000 and review the SAF levy

- The upfront costs of temporary sponsorship are substantial - nearly \$10k per worker.

4. Should subcontractors be able to sponsor skilled tradespeople if not employed full time?

5. Streamline the skills and occupation licensing process for skilled migration generally

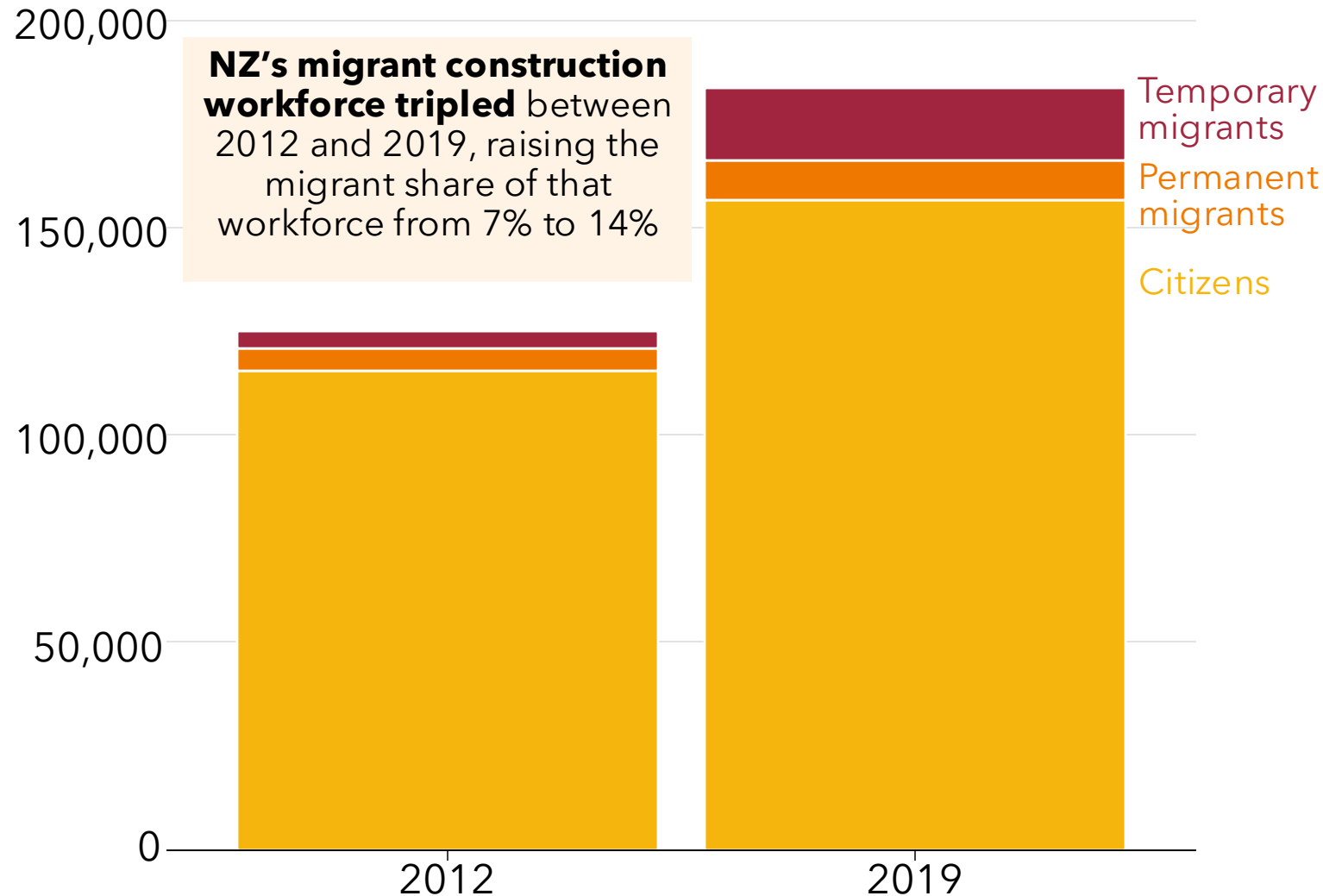
- Exempt migrants with comparable qualifications and experience from Skills Assessments.
- Reduce duplication between Skills Assessments and state occupational licensing regimes

6. Should construction trades be part of the Essential Skills sponsored visa pathway?

- Available for jobs earning less than \$73,150 a year, but currently limited to aged care trial
- Could we establish a sponsored training pathway for migrants with some construction experience who can work towards a skilled trade qualification?

New Zealand shows that the migrant construction workforce can grow quickly

New Zealand construction workforce by migration status and year

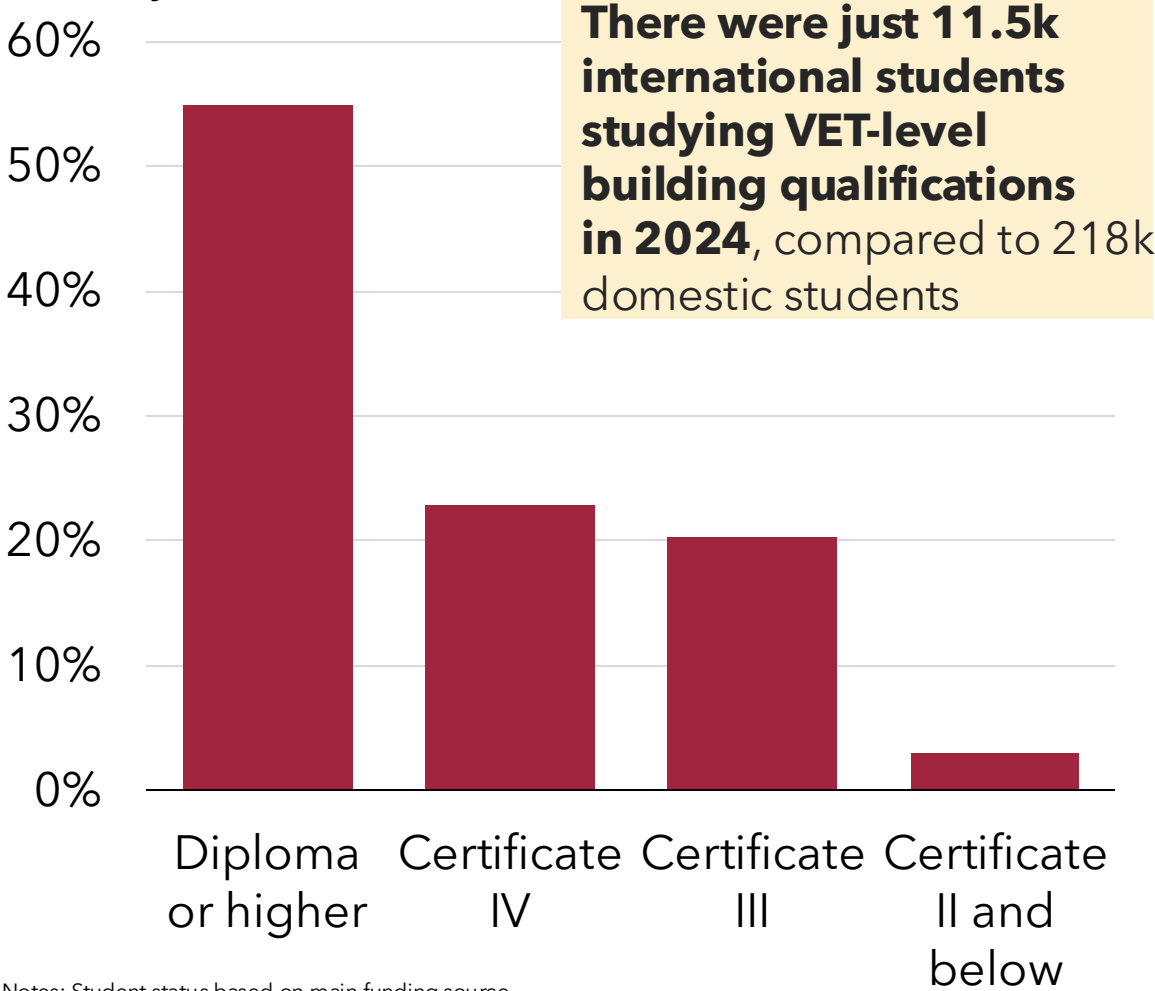


What changed?

- The Christchurch earthquake and upzoning in Auckland saw substantially more demand for construction trades
- Construction occupations were added to the priority list (which exempted them from labour market testing) following the Christchurch earthquake
- Portability introduced for sponsored workers within the construction sector
- But.. there were also reports of exploitation of migrant workers

Most international VET students study business and hospitality courses; few study construction trades

Share of international VET enrolments by level of study



Notes: Student status based on main funding source.
Source: Grattan analysis of NCVER VOCSTATS.

Program field of education	Share of all international VET-level enrolments
Natural and physical sciences	0.4%
Information technology	3.3%
Engineering and related technologies	10.9%
Architecture and building	4.5%
Agriculture, environment and related studies	0.4%
Health	2.0%
Education	5.0%
Management and commerce	43.9%
Society and culture	8.3%
Creative arts	1.2%
Food, hospitality and personal services	19.5%
Mixed field program	0.2%

Should migrants be permitted to undertake apprenticeships?

Call to lift ban on foreigners doing trade apprenticeships



Julie Hare
Education editor

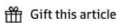
Updated Jan 10, 2024 – 4.16pm,
first published at 4.10pm



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Worsening skill shortages in construction that could undermine [national goals to build 1.2 million homes](#) could be resolved if trade apprenticeships were made available to international students, experts say.

Only a handful of foreigners, almost all New Zealanders, undertake trade-related courses each year.



Most international students are unable to enrol in a trade apprenticeship, despite chronic skill shortages. Dion Georgopoulos

In Queensland, for example, just 2937 non-Australian citizens have commenced an apprenticeship in the past five years. The vast majority – 2572, or 87.6 per cent – were from New Zealand. Less than a third of the total – 898 – were in the construction sector.

International students are typically ineligible for apprenticeships

- **Duration of study:** apprenticeships last much longer than the equivalent standalone VET course
- **Work rights:** students can't begin work before they begin study, but many apprentices begin working before formal study commences.
- **Full time study:** international students are required to study full time (i.e. 20+ hours a week), which is inconsistent with study requirements for many apprenticeships.
- **Employer incentives and wage subsidies:** international students are ineligible for wage subsidies for apprenticeships

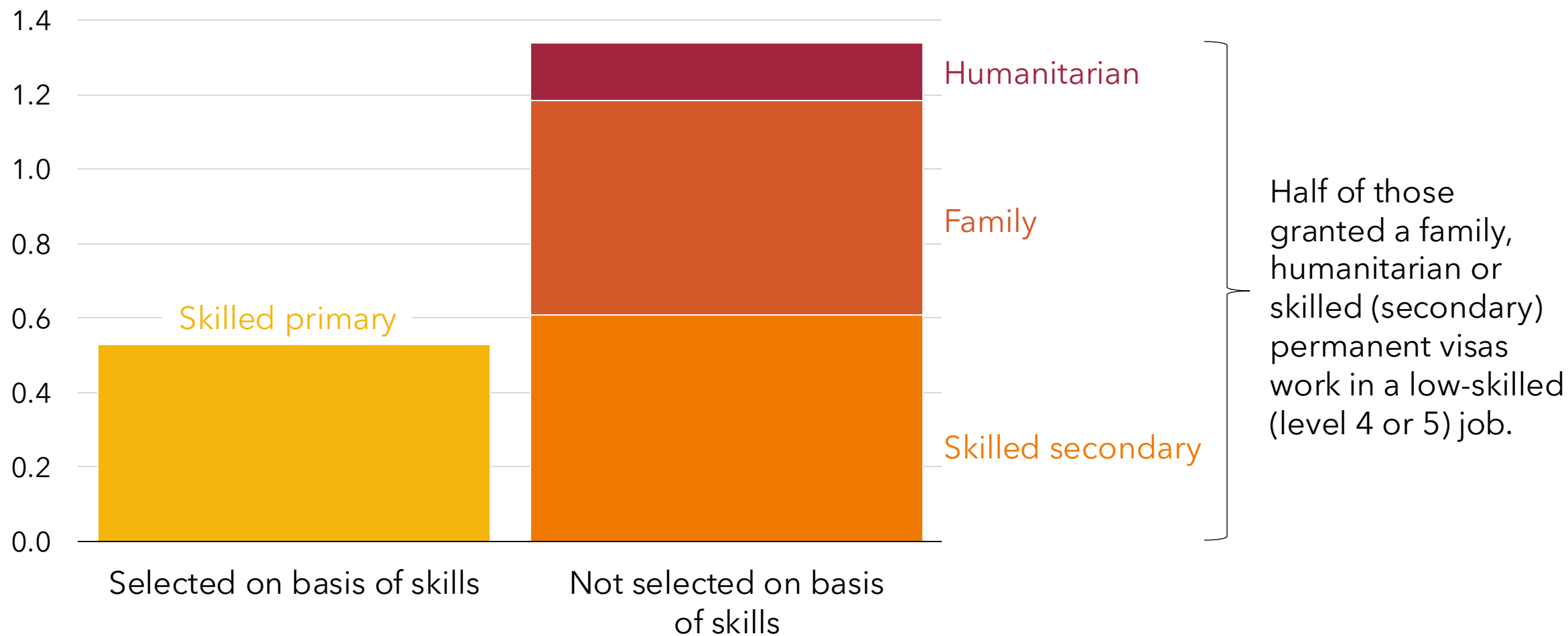
What would need to change?

- Establish an apprenticeship-friendly visa.
- Greater flexibility in VET course design in the Education Services to Overseas Students (ESOS) framework, such as blocks of learning, that align with apprentice training regimes.
- Govt extending wage subsidies to migrant workers, or recouping them via a HECS-style scheme on migrants' future earnings

But there are big integrity risks...

Invest more in recruiting prospective migrant workers who do not come via 'skilled' migration pathways

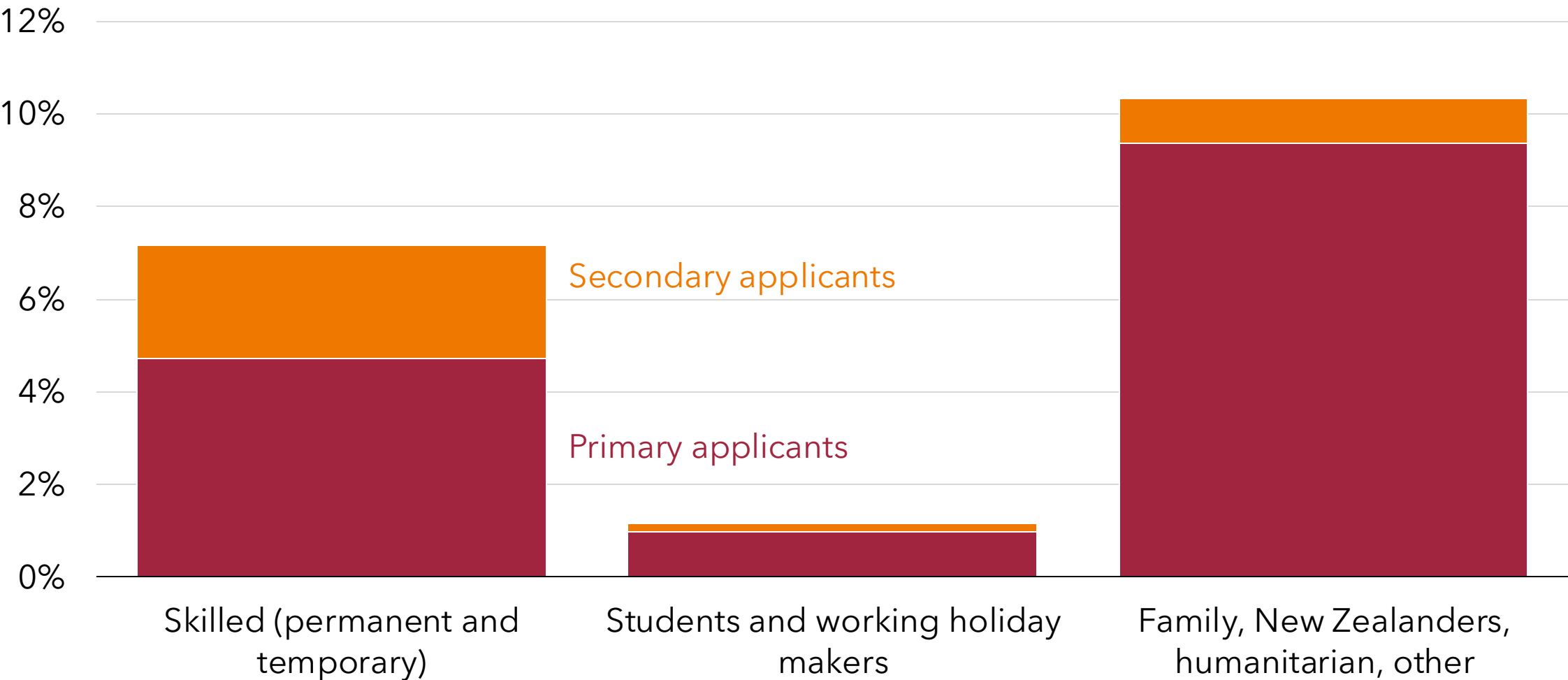
Number of permanent visas granted between 2011-12 and 2022-23, by visa type, millions



Notes: Family includes: partner, parent, child, other family and expert family panel (2012-13 and 2013-14 only). Humanitarian includes special eligibility visas. A small number of skilled primary visas were granted to people aged 19 or below. Source: Department of Home Affairs

More migrants working in construction came via non-skilled visas than skilled visas

Migrant share of construction workers in 2021 who arrived between 2005 and 2021, by visa type



Notes: All other visa-holders includes family, New Zealanders, humanitarian and other. Sources: Grattan analysis of ACMID 2021; ACTEID 2021; Census 2021.

How can we boost Australia's construction workforce?

Australia needs a larger construction workforce to meet our housing goals

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Close the gender employment gap

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- Occupations with gendered workforces are much more likely to be shortage

Pruning questionable infrastructure investments would open up extra capacity to build housing

The number of apprentices has stagnated, and only half complete their apprenticeship

Building and construction apprentices, December 2023

	2019	2020	2021	2022	2023
Commencements	33,455	39,755	51,855	54,035	41,935
Completions	18,285	16,795	20,110	21,415	21,415
Cancellations / withdrawals	25,925	21,840	29,720	33,460	33,290
In-training	87,795	99,065	113,130	118,615	116,560

Just half of those who commenced apprentices in construction trades over 2017-19 ended up completing their apprenticeships.

Source: NCVER, *Completion and attrition rates for apprentices and trainees 2023*

Low completion rates for apprentices reflect several factors

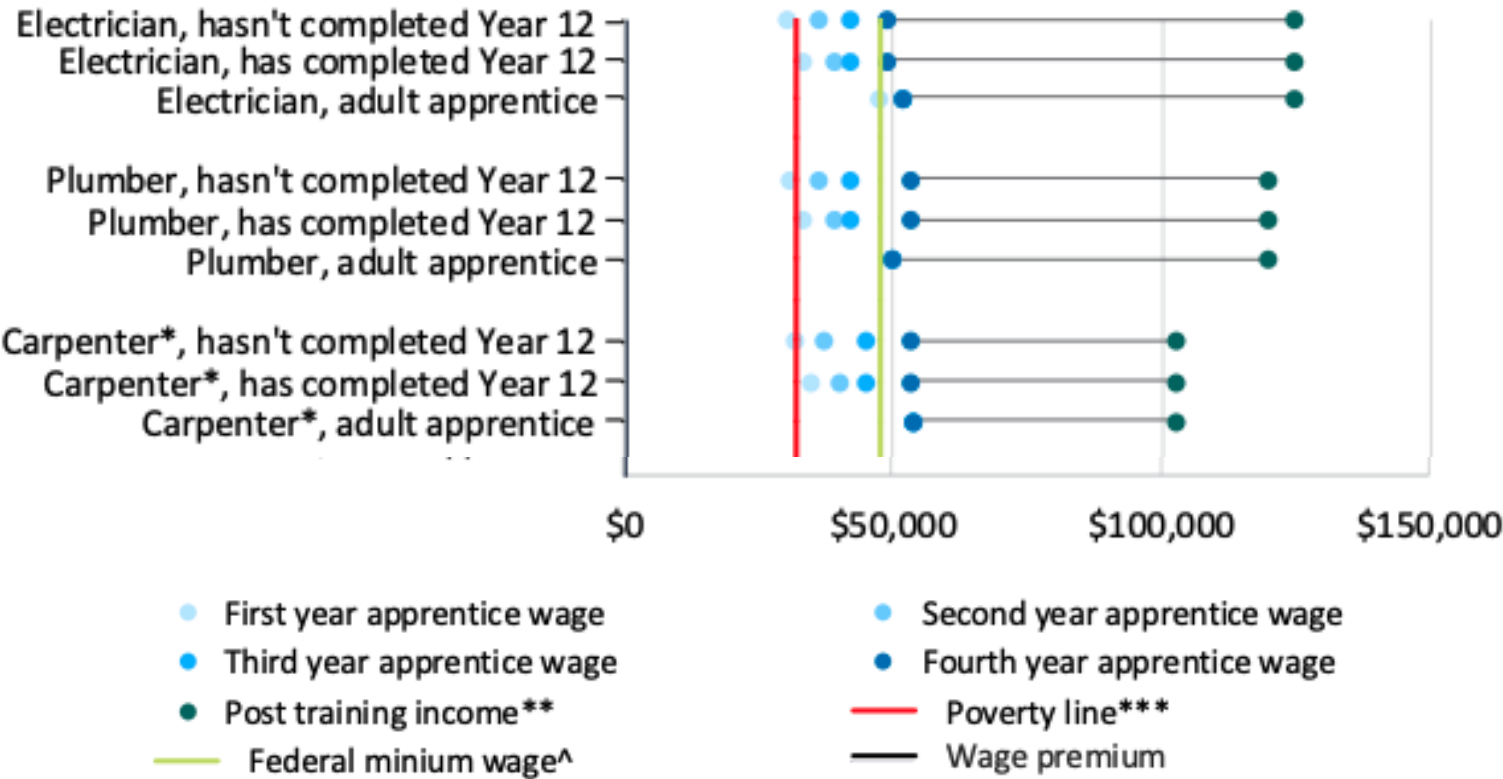
What impacts completion rates for apprentices?

- Cost of living for apprentices
- Cost of training for employers
- Wage premiums upon completion
- Business size
- Employer / apprentice experience

Strategic Review of the
AUSTRALIAN APPRENTICESHIP
INCENTIVE SYSTEM
Final Report 2024

Skills for tomorrow:
Shaping the future of
Australian apprenticeships

Wage premium of apprentices and trainees in selected occupations



Notes: Apprenticeship wages above are based on the minimum wages from various modern awards and the national minimum wage prescribed by the Fair Work Commission. *Based on minimum apprentice wages for residential construction carpenters. **Post training income is calculated from the average weekly ordinary time cash earnings of full-time non-managerial employees reported by the ABS (January 2024 release). The number of weeks in a year is assumed to be 52 weeks for this calculation. ***Figure is the annualised weekly poverty line for a single adult in the workforce described in the March Quarter 2024 release of the 'Poverty Lines: Australia' report by the Melbourne Institute. The poverty lines represent the disposable income required to support the basic needs (including housing) of a single person in the workforce

The federal government has boosted incentives to boost the number of apprentices in construction

Building Australia's Future | Budget 2025-26

Boosting the construction workforce

Incentives for eligible construction apprentices

The Government is establishing the Housing Construction Apprenticeship stream as part of the new Key Apprenticeship Program. From 1 July 2025, eligible apprentices in housing construction occupations will receive up to \$10,000 in financial incentives over the course of their apprenticeships, encouraging more people into housing construction trades and providing apprentices with cost-of-living support. This will assist in addressing shortages in the sector and help ensure Australia has the workforce needed to deliver our ambitious target of building 1.2 million homes over the next 5 years.

Employers of apprentices in priority occupations may also be eligible for up to \$5,000 as a Priority Hiring Incentive, which includes many occupations relevant to housing construction. These current settings for the Priority Hiring Incentive have been extended for an additional 6 months to 31 December 2025.



Up to
\$10,000

for housing construction
apprentices

Aidan is starting as a first-year apprentice in July 2025. Through the Housing Construction Apprenticeship stream of the Key Apprenticeship Program, as a new apprentice in an eligible occupation from 1 July 2025, Aidan will receive up to \$10,000 in incentive payments over the course of his apprenticeship. This means he will receive up to \$5,000 in additional support, on top of the maximum he would receive from the Australian Apprentice Training Support payment.

The federal government has announced:

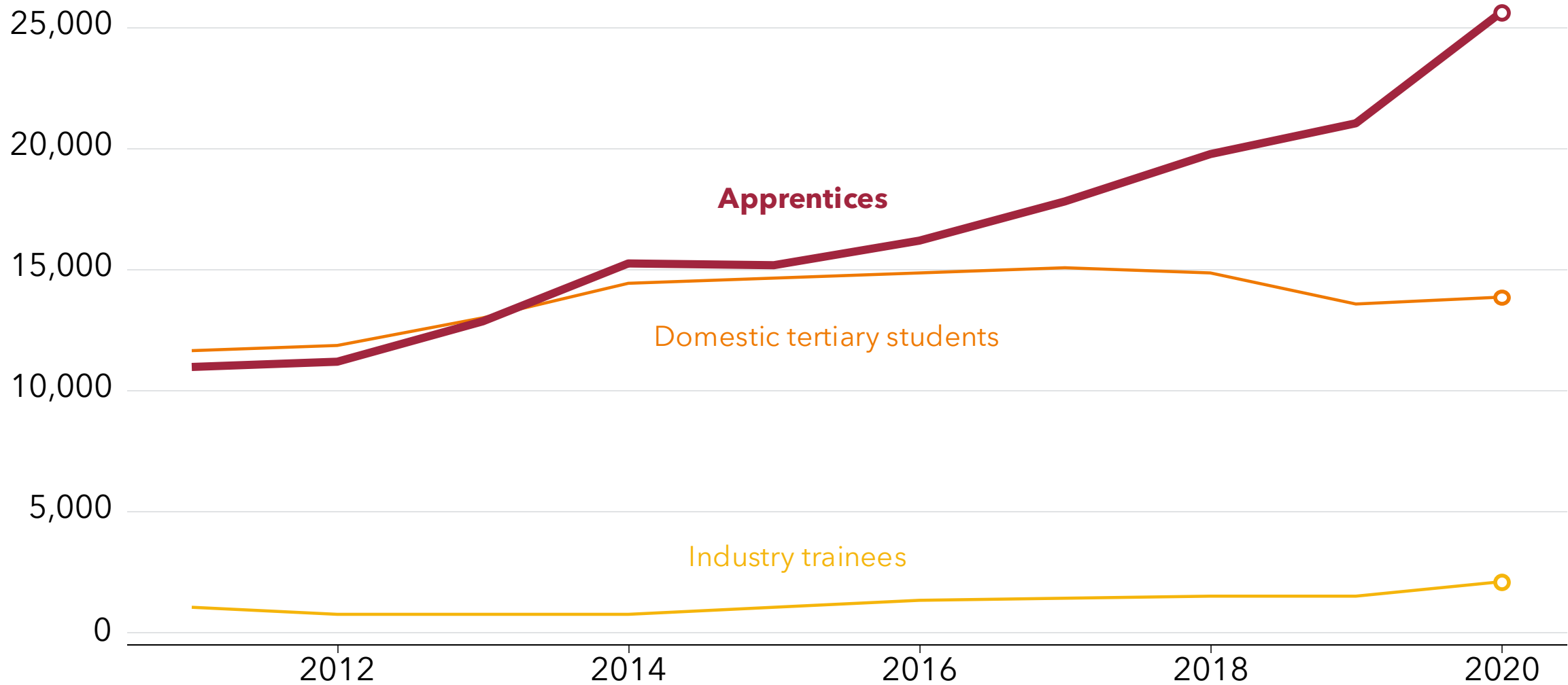
- \$10,000 in incentive payments for eligible apprentices in residential construction (spread out in \$2k increments)
- A \$5,000 Priority Hiring Incentive for employers of apprentices in priority occupations (prior to 31 December 2025)
- An increase to the Living Away From Home Allowance to help cover the costs of apprentices relocating (from 1 July 2025).
- An increase in the Disability Australian Apprentice Wage Support payment to employers (from 1 July 2025)

The federal opposition has announced:

- A target for 400,000 apprentices and trainees in training across Australia
- \$12,000 in support to small and medium businesses who take on an apprentice or trainee in critical skills areas for the first 2 years of their training.

Construction apprenticeship enrolments in New Zealand more than doubled in less than a decade

Number of enrolments in building-related education and training



Source: Schiff (2022), Case study: Construction industry. Produced for NZ Productivity Commission.

How can we boost Australia's construction workforce?

Australia needs a larger construction workforce to meet our housing goals

- The National Target to build 1.2 million homes over five year will need a bigger workforce
- The construction workforce has already grown very strongly in recent years

Migration reforms could attract some more skilled migrants to Australia, but there aren't easy answers

- Very few recent migrants work in construction
- Australia's migration program is (rightly) geared towards high-paid, white-collar professions
- Streamlining employer sponsorship is the fastest path to lifting the number of migrants with trades
- Skills Assessments and occupational licensing regimes are the biggest barriers, but will take time to fix
- Boosting the pipeline of foreign-born skilled trades appears difficult: a sponsored training visa may help?
- The industry should also focus more on attracting migrants from non-skilled pathways into construction

We need to boost the domestic pipeline for skilled construction trades

- Enrolments into building and construction apprenticeships have stagnated
- Just half of building and construction apprentices complete their training

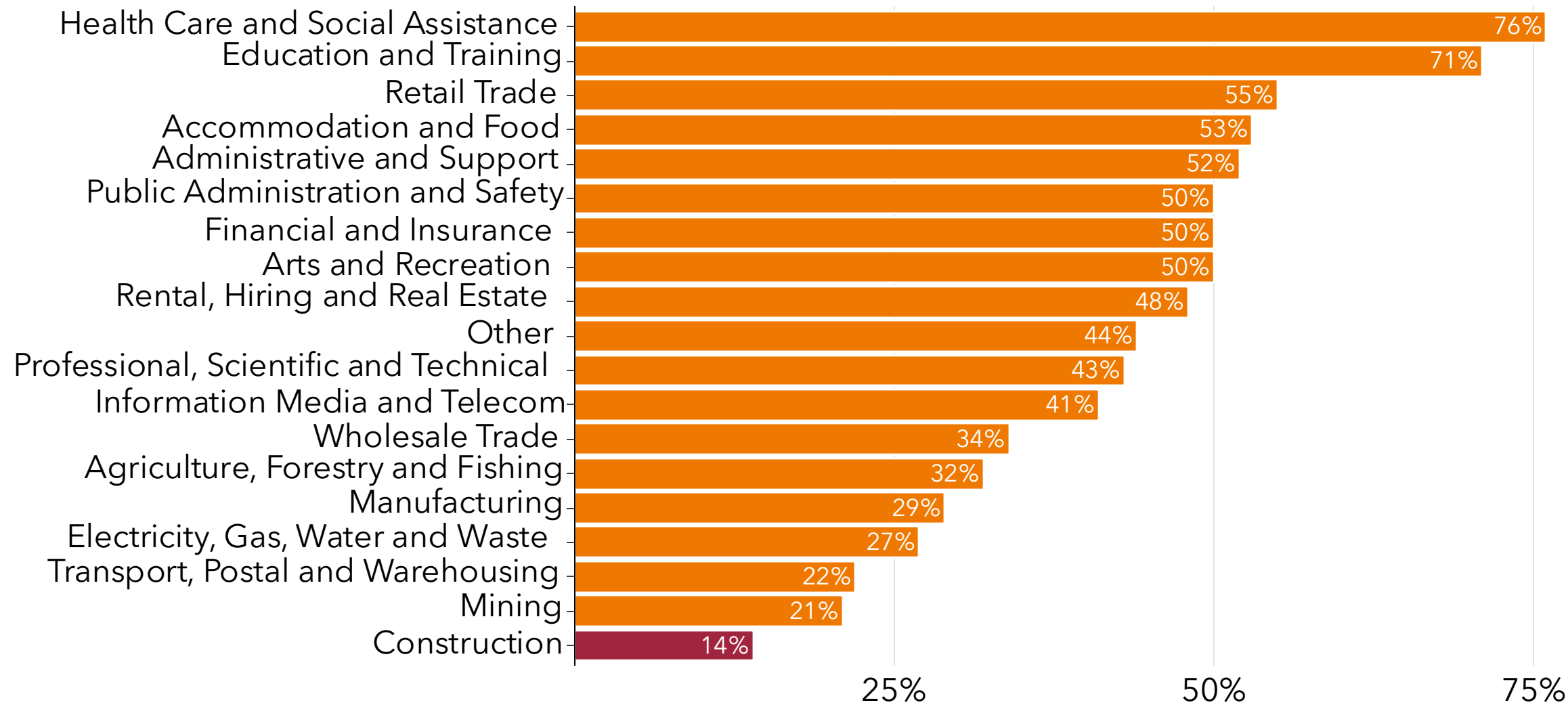
Close the gender employment gap

- Australia's construction workforce is highly gendered, especially for skilled trades
- Occupations with gendered workforces are much more likely to be shortage

Pruning questionable infrastructure investments would open up extra capacity to build housing

Australia's construction workforce is highly gendered

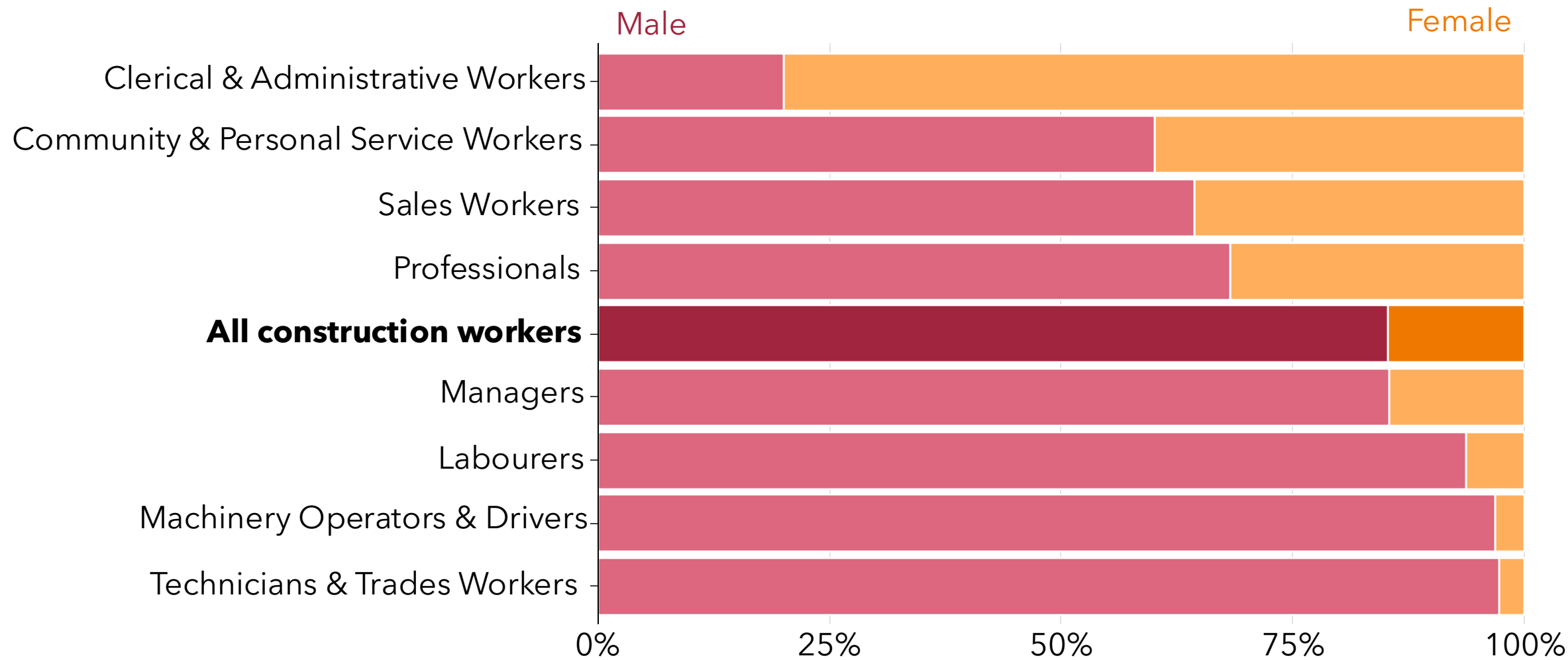
Female share of workforce by industry, November 2024



Source: Jobs and Skills Australia, Industry data (November 2024).

Especially for skilled trades workers

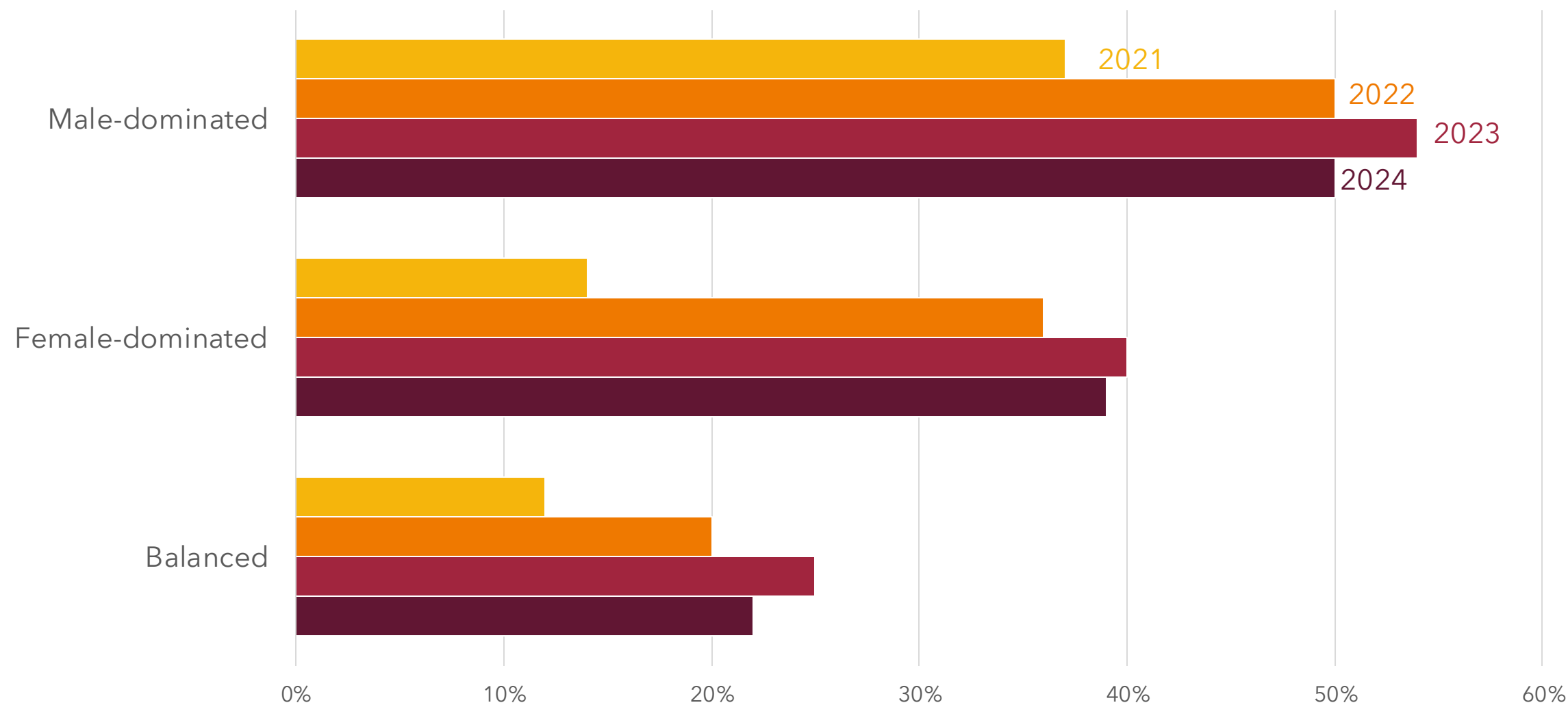
Construction workforce gender shares by occupation, 2021



Source: ABS 2021 Census TableBuilder.

Skills shortages are biggest in highly gendered occupations

Share of occupations that were in shortage



Source: JSA (2024) Occupational Shortage List. Male-dominated means at least 80% of the workforce is men. Female-dominated means at least 80% of the workforce are women. The remainder are considered balanced.

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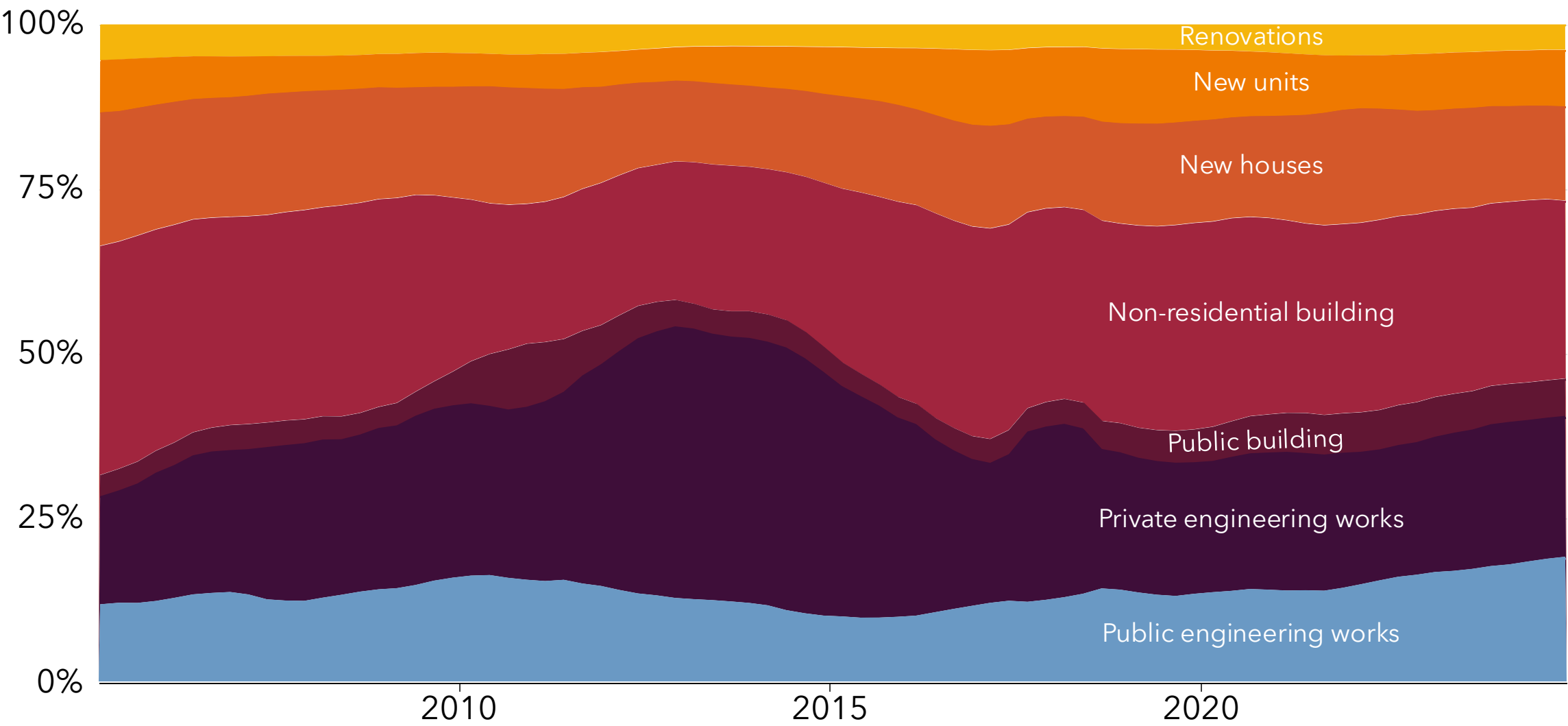
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Housing has declined as a share of all construction activity since the pandemic

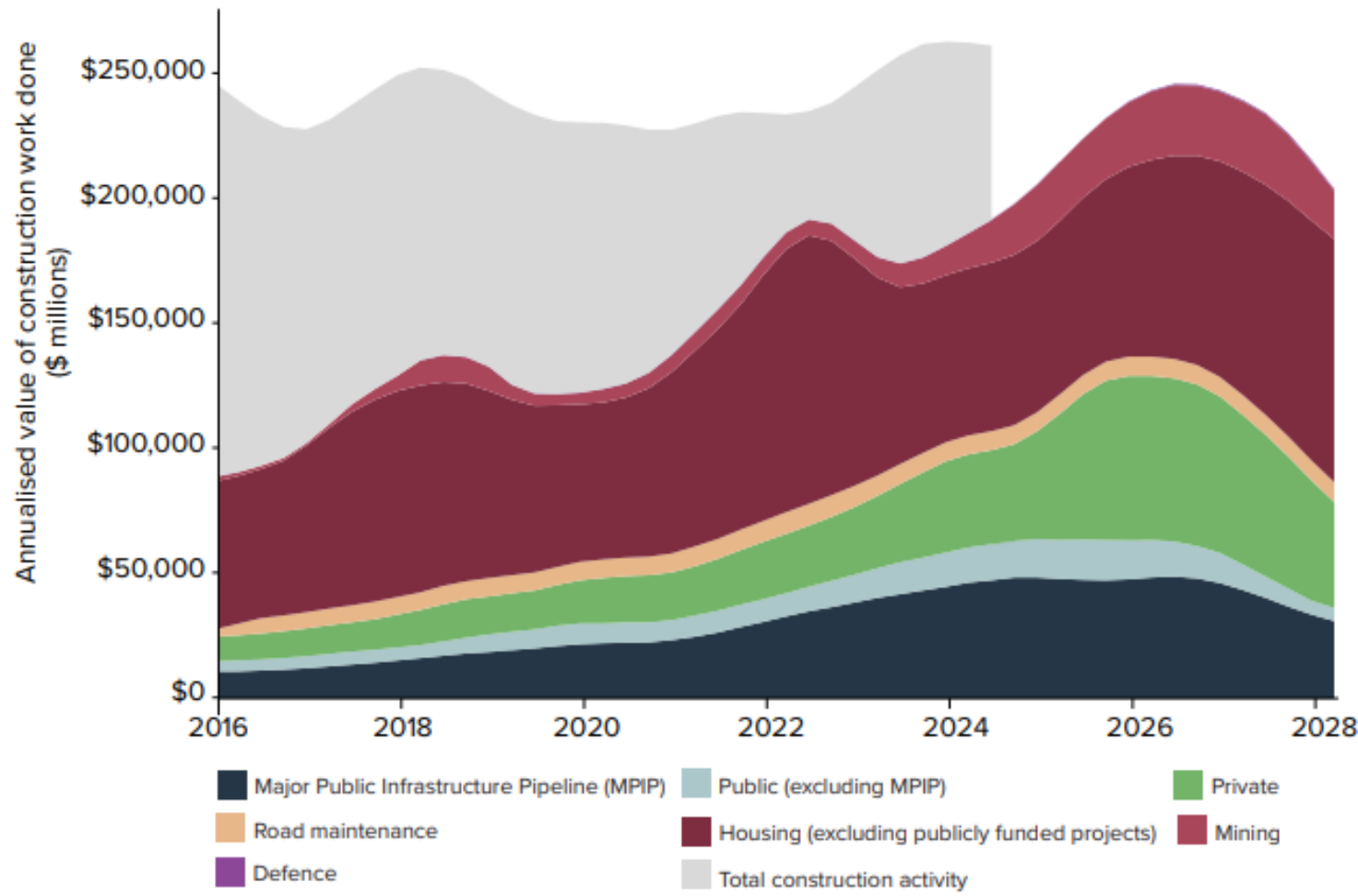
Per cent of real construction activity by sector, rolling annual average



Source: ABS Building Activity (Sep 2024) and Construction Work Done (Dec 2024)

The peak of the public infrastructure workload should pass by end-2026, freeing up labour for housing

Major public infrastructure expenditure profile



Source: Infrastructure Australia, Infrastructure Market Capacity: 2024 Report.

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